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BRIEFS

Sikorsky teams up with Bombardier

STRATFORD, Conn. – **United Technologies Corp.'s Sikorsky Aircraft Corp.** has teamed up with **Bombardier Aerospace** to offer the Sikorsky S-92 helicopter as the possible replacement for the Sea King helicopter now in service with the Canadian Forces. Sikorsky said Bombardier would be responsible for completing the helicopters, including installing interiors and mission equipment, and providing support for final acceptance and delivery. Sikorsky said the contract is also in co-operation with **Lockheed Martin Corp.'s** Canadian unit.

Cogeco expands base

Cogeco Cable Inc. has struck a $53-million deal to buy TV cable systems with about 23,400 subscribers in eastern Ontario. The Montreal-based cable firm said yesterday it had signed a deal to buy **Harrowby Communications Inc.**, which owns two cable companies. The deal, subject to regulatory approval, consists of $13 million in cash and $40 million in subordinate voting shares of Cogeco Cable. On the Toronto stock market, Cogeco Cable subordinate voting shares fell 50 cents to $38.50, reflecting investors' concern that issuing new shares to help finance yesterday's purchase will dilute the company's capital base.

Turbine contract

Alstom SA has received a $25-million contract from **SNC-Lavalin Group Inc.** for three Francis-type hydro turbines for a power plant in India. Alstom will supply and supervise the installation of the units at the 300-megawatt Chamera 2 hydro-electric power plant. Site work is scheduled to begin in May 2002 and the commissioning of the units is to be completed in 2004. The hydro turbines will be made at the Alstom Power plant in Tracy.

Bombardier workers strike in Toronto

TORONTO – One of the city's biggest manufacturing plants was grounded yesterday after more than 3,000 production and office workers went on strike at **Bombardier Inc.'s** de Havilland aerospace facility.

Workers at the plant walked off the job at 10 a.m. after Canadian Auto Workers union negotiators said the company's final offer did not go far enough to address pension and job security concerns. Neither side would discuss the specifics of the offer.

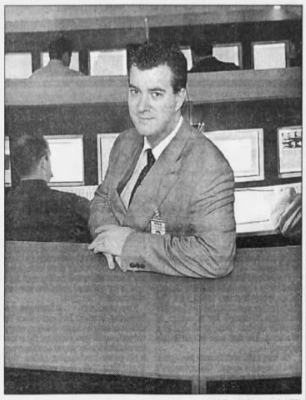
The Toronto plant employs about 6,000 people. Bombardier Aerospace spokesman Kelly Norgate said the company has no intention of bringing in replacement workers or transferring work to its other plants.

The north Toronto plant designs and manufactures the Dash-8 turboprop Q series airplanes and does final assembly for Bombardier's Global Express business jets. It also designs and produces the wing for the Lear jet.

Payments pro-rated

Héroux Inc. will pro-rate its cash payments to **Devtek Corp.** shareholders who tendered their shares to the cash option in Héroux's takeover offer for Devtek, an indication that a majority of Devtek's shareholders opted for cash in the deal. The company said it will pay cash of $3.50 a share for 62.5 per cent of the shares. For the remaining 37.5 per cent, it will issue Héroux common shares at a ratio of 0.833 share for each Devtek share tendered.

DOW JONES, CP, BLOOMBERG NEWS



MARIE-FRANCE COALLIER, GAZETTE

"We are provoking a revolution in the way people do computing," says Benoit Laliberté, chief executive of Jitec Inc., based in Nuns' Island.

Helping out the little guys

Jitec offers computer networking to small businesses on lease basis

ALISON MacGREGOR
The Gazette

Jitec Inc. is carving out a niche for itself by offering low-cost computer networking systems to small and medium-sized businesses.

The fast-growing Verdun firm expects to fill 240 new jobs over the next eight months and to triple its revenue this year.

"We are provoking a revolution in the way people do computing," said Benoit Laliberté, Jitec's chief executive and founder.

The 10-year-old Nuns' Island-based company has developed a low-cost Windows-based "thin-client network computer" – a stripped-down computer without such items as hard disks and CD-ROM drives.

Jitec will lease the terminals – along with the use of Windows-based software programs via the Internet – for an installation fee of $125 per terminal and $39.95 per month. The setup uses **Bell Canada's** digital subscriber line high-speed Internet connection and includes Internet and E-mail access.

The company is targeting businesses with three to 15 work stations in Montreal, Quebec City and Ottawa. In September, Jitec plans to install servers in Toronto and start providing service to that market. In October, servers are to be installed in New York City.

Instead of spending thousands of dollars on computers that become obsolete in 18 months, people will able to use Jitec's low-cost machines and have access to all the latest software and hardware, Laliberté said.

He described the Jitec system as a private network for the firm's business customers.

People hooked up to the system would use the Windows operating system and applications as if they were working on a standard PC, but the actual hardware and software would be stored on remote servers.

Until Jitec terminals becomes widespread, a traveling businessman would still have to use a regular laptop or PC to connect to his company's network via the Internet.

Jitec is up against some computer industry giants. Companies like **IBM, Sun Microsystems** and **Oracle** are also touting network computers as cheap replacements for PCs.

But Laliberté said his firm is the only one now offering a complete solution, providing computing equipment and a full range of the latest software and hardware to clients.

"I think the PC will always have a place," said Mark Quigley, an analyst at the Yankee Group Canada.

He noted, however, that small businesses have to spend a lot of money to set up networking systems.

If a company is offering a low-cost solution, "I think, yes, there is a market for that," Quigley said.

Laliberté said the company has grown to 50 employees from 25 in the last three weeks and is recruiting computer engineers, sales representatives and customer-service agents.

The firm expects revenues to hit more than $10 million during the current year, which ends Dec. 31.

"Next year, our projection for Dec. 31 is over $50 million, and all the indicators show us we can reach this point," Laliberté said.

In April, the firm raised $9 million in a private placement and is finalizing a reverse takeover of **Altavista Mines Inc.** in a bid to list on the Montreal Exchange next month.

QSC: Sintra talks near completion

Probe follows allegations of false filings

JAN RAVENSBERGEN
The Gazette

Settlement discussions between **Sintra Ltd.** and the Quebec Securities Commission over alleged violations of the Quebec Securities Act by the company and its controlling shareholder are "almost completed," the commission revealed yesterday – four years after the case was first brought to its attention by Sintra minority shareholder Jim McVety.

"I don't have a time frame" for a possible resolution or any steps the commission could take in the absence of a solution, commission official Denis Dubé added.

He refused to outline the substance of the settlement discussions.

The allegations include failure to file insider-trading reports by construction giant **Colas SA** of France, which holds 90.2 per cent of Sintra, and false filings to the commission by Montreal-based Sintra.

Sintra had quietly revealed the extent of the Colas control stake in May 1996. For many years before that, annual proxy circulars Sintra had sent to its shareholders and filed with the securities commission said Colas and affiliates held less than 25 per cent of the company.

After Sintra's annual meeting yesterday afternoon, Michel Roullet, the company's chairman, president and chief executive, also refused comment on the substance of the discussions.

Roullet's primary job is as president of **Colas Inc.**, responsible for Colas's operations in North America, western Europe and Asia.

Richard Riendeau, Sintra's corporate counsel, acknowledged to about 40 people attending the meeting that the commission has been investigating Sintra. The road-construction company has a peak-season work force of 2,000 people across Canada. It registered 1999 revenue of $279.9 million, on which it reported profits of $6.5 million, or $24.48 a share.

McVety: brought case to securities commission.

While Sintra has the highest market capitalization on the Montreal Exchange, none of the company's shares have actually changed hands there since the start of 1999. According to commission records, the stock last traded at $197, in two small, off-market transactions last fall. In both cases, the buyer was Réal Labarre, Sintra's vice-president (administration and finance).

In a variety of Quebec Superior Court filings, McVety has documented that Labarre bought out 46 small Sintra shareholders in private transactions, with the shares ending up in Colas's hands. In each of the 46 cases, McVety said, "Colas filed no insider-trading reports on those transactions."

In March, after sustained pressure from McVety, the commission forced Sintra to cancel a special meeting of shareholders at which Colas had been expecting to squeeze out Sintra's roughly 100 remaining minority shareholders for $420 a share, or a total of $10.9 million.

At a minimum, McVety contends, the shares are worth "between $800 and $900, although it's difficult to be more precise without full access to the books." McVety holds or controls 1,850 shares of the 25,927 shares in minority hands.

"We are still looking for a way to privatize the company," Roullet told yesterday's meeting, although "which way it will be done, we don't know yet."

A lesson learned: involve NGOs early

BRYAN

Continued from Page C1

Some of this more aggressive direction will be on display next week in Paris at the OECD's ministerial meeting, where cabinet members from member countries meet each year to set priorities for the following year.

This year, the meeting will be accompanied by an audacious experiment: a major conference at which thinkers from all over the world and all over the ideological spectrum will discuss – and sometimes debate – what to do about issues like global warming, corporate ethics and the dispossessed left behind by the digital economy.

And to ensure it isn't merely a dull exchange of views by insiders, Johnston has invited a number of people from the NGOs, or non-governmental organizations, that act as lobbyists on environmental, labour and social issues. It was the NGOs, of course, that won their first big victory against globalization at the expense of the OECD, when they were instrumental in killing its hoped for Multilateral Treaty on Investment not long after Johnston took office.

Observers count this as the most serious setback of his term in office, but Johnston believes it provided valuable lessons. One, which has been put into practice in every major initiative since, is to involve NGOs early and make public as many details as possible in any new negotiations involving the OECD.

Another lesson is that it makes sense for the OECD to get out of the treaty business and focus on developing voluntary guidelines among member countries. These are quite influential, since members represent 60 per cent of world economic output, and don't require lengthy, bruising negotiations to put into place.

Finally, Johnston learned that without a public profile, the OECD had no public support when it was demonized by activists and saw its budget slashed after the U.S., its biggest and most influential contributor, decided that international organizations weren't a priority.

As he seeks to change this state of affairs, Johnston is running up against the clock. The image of the OECD is only now beginning to be better-defined, and his term as secretary-general will expire in 12 months, coincidentally, in the month he turns 65.

But Johnston isn't about to retire and he seems to have no rivals for the position. "I finally got the machine financially stabilized," he said. "I would be very disappointed if I didn't have the opportunity to use this new dynamism."

Not every independent observer agrees that he should have this opportunity, though. Some who believe the organization needs sweeping, fundamental change are unenthusiastic about the extent of his reforms.

Michael Hart, a professor of trade policy at Carleton University in Ottawa, believes it might take more forceful leadership to jolt the OECD into the new role he sees: spearheading efforts to build global institutions in neglected areas like environmental and labour standards. "Competent, but dull," is Hart's assessment of Johnston.

At the C.D. Howe Research Institute, president and international tax specialist Jack Mintz said: "I've heard positive comments about Donald Johnston, but I haven't seen fundamental changes in (the OECD's) mission or its operations."

On the other hand, Toronto trade lawyer Larry Herman, formerly a senior federal trade official, points to Johnston's shepherding through of a treaty banning the bribery of public officials as "a signal achievement and an important contribution to international law."

Indeed, even Johnston's critics acknowledge he has made the organization more effective and better-managed than he found it.

Summed up one former OECD official: "He's done very well on issues and exceptionally well in addressing the internal administrative changes needed in the organization.

"It's a thankless job, but he's doing OK."

Sales staff have base salary

DUMOULIN

Continued from Page C1

"Digital electronics and Internet technology are creating this demand for electronics retailers," he said.

The industry went through a deep trough between 1995 and 1998, when "nothing much was happening in the computer, TV and audio industries. But they've taken off, now."

Future Shop has 14 20,000-square-foot stores in Quebec, out of 84 in Canada and five of its new Computer City concept. In retail space, it's the equivalent of 56 stores of Dumoulin's size, which average about 4,500 square feet.

BEST SALES PER SQUARE FOOT

But Mercier claimed for Dumoulin "the best sales per square footage of any retailer in our business in North America," including Future Shop and U.S. giants Best Buy and Circuit City.

Unlike Aventure and others who put out flashy fliers and instruct their sales staff to go for the "bait and switch," Mercier said he and Linhares favour a lower key approach of showing the product prominently, with the price secondary, rather than the other way around.

"And we pay our (corporate) employees a real base salary, not an advance like some competitors, of about $13,000 or $14,000 a year."

The rest is commission earnings. Two Dumoulin shoppers agreed that's produced results: they found the staff less aggressive, more knowledgeable and helpful than elsewhere.

So far, Dumoulin has opened shops in small Ontario markets, including Sault Ste. Marie, Cornwall, and St. Catharines, and is set to open others in Hamilton, Burlington, Kingston, Brockville and Peterborough. As for the important Toronto market, it remains a question, said Mercier. He wouldn't explain the five yellow pins in and around Toronto on the map of Canada with Dumoulin's corporate stores marked by green pins and franchises by red ones, except to say that "if someone wants to sell us some stores there, it could be interesting."

But George Hartman, an analyst with Dundee Securities in Toronto, said "there's no shortage of electronics stores in Toronto. And the casualty rate is very high. I like Dumoulin's idea of developing smaller markets."

But Linhares and Mercier have big plans. "Our goal is to be at $300 million by 2002 – and I have the feeling we'll be there a year early," Linhares said.

As for an initial public offering, it's a distinct possibility, but Linhares cautioned that they often serve to finance a massive expansion in a short time – often an ill-advised move.

"But it could happen any time."

Mercier and Linhares were both eastern Canada regional managers for Sony and knew Dumoulin's owners well, including Jean-Guy Dumoulin and Gérald Dumoulin, sons of the founder of a small radio-repair shop that opened on Mistral St. in 1946.

"In 1980, Dumoulin was doing $800,000 a year and had begun selling good old Zenith TVs," Linhares said.

SIX MONTHS TO MAKE DEAL

Over the next 15 years the sons had taken the company to far higher levels than their father had envisaged, but had become stuck at one point, as often happens in small firms.

So Linhares and Mercier pitched to the Dumoulin brothers and brother-in-law, Richard Desautels, the business plan they had mapped out while eating Chinese food.

The also proposed and hammered out a deal – "after six months of back and forth."

The pair, plus a younger Dumoulin brother, Jacques, who's in charge of management information systems at the company, would each get one-third of the company as the old management team gradually gave up control. Which they agreed to, ceding whole control of the firm over another five years from now to the trio, Jacques Dumoulin, 39, Mercier, 43 and Linhares, 41.

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